

## Message Text

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41

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 NEAE-00 TRSE-00 EB-07 AID-05

IGA-02 OMB-01 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

CIEP-01 ACDA-05 IO-11 /101 W  
----- 071692

P R 011245Z MAR 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC PRIORITY 4811

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY RABAT

AMEMBASSY TEL AVIV

C O N F I D E N T I A L KUWAIT 1025

E.O. 11652: GDS

TAGS: PFOR, EGEN, EAID, EG, KU

SUBJECT: SADAT VISIT TO KUWAIT -- FINANCIAL ASSISTANCE  
FOR EGYPT

1. SEPTELS REPORT SADAT PRESS CONFERENCE AND PROVIDE  
TEXT JOINT COMMUNIQUE ISSUED AT CONCLUSION FEBRUARY  
28-29 VISIT TO KUWAIT OF EGYPTIAN PRESIDENT. AMOUNT  
OF FINANCIAL AID PLEDGED BY GOK NOT MENTIONED. COM-  
MUNIQUE SIMPLY NOTES THAT "THE AMIR OF KUWAIT STRESSED  
THAT THE PAN-ARAB DUTY NECESSITATES THAT ABLE COUNTRIES  
SHOULD TAKE THE INITIATIVE TO PROVIDE EGYPT WITH AID  
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AND TO COOPERATE COLLECTIVELY IN STRENGTHENING THE

EGYPTIAN ECONOMY." DURING PRESS CONFERENCE, SADAT DUCKED ISSUE SAYING "MY TALKS HERE HAVE BEEN 100 PERCENT SUCCESSFUL".

2. SURVEY MARCH 1 OF RESIDENT AMBASSADORS AND OTHER NORMALLY KNOWLEDGEABLE SOURCES HAS FAILED TO PROVIDE CLUE OF KUWAITI PLEDGE, WHICH GENERALLY IS ASSUMED TO BE BETWEEN US \$150 MILLION PROVIDED BY ABU DHABI AND US \$300 MILLION PLEDGED BY SAUDI ARABIA. GOK AND EGYPTIAN EMBASSY OFFICIALS HAVE BEEN PARTICULARLY CLOSE-MOUTHED ON SUBJECT. LOCAL PRESS MARCH 1 SURFACED SUGGESTION SAG HAD PLEDGED ADDITIONAL US \$700 MILLION FOR ARMS PROCUREMENT, A FIGURE AUSTRALIAN AMBASSADOR HAIG SAID WAS GIVEN TO HIM IN JIDDA BY SAG OFFICIALS PRIOR TO SADAT'S ARRIVAL. EMBASSY WILL REPORT ANY INFO WHICH SURFACES LOCALLY RE KUWAITI AID, BUT SUSPECTS THAT BETTER SOURCE WILL BE EGYPTIANS ON RETURN SADAT TO CAIRO.

3. DURING RECEPTION EVENING FEBRUARY 28, DAVID ROCKEFELLER CONFIDED TO ADCM THAT SADAT HAS ASKED HIM TO HAVE CHASE MANHATTAN PUT TOGETHER CONSORTIUM OF BANKS WHICH WOULD PROVIDE LOANS FOR EGYPT. ROCKEFELLER DID NOT PROVIDE DETAILS, BUT SAID HE WOULD GIVE MATTER SERIOUS CONSIDERATION. CONVEYED IMPRESSION THAT CONSORTIUM PRIVATE LENDERS MIGHT BE DEVELOPED BORROWING AGAINST EGYPT'S MAJOR FOREIGN EXCHANGE EARNER, THE SUEZ CANAL.

4. AS REPORTED PREVIOUSLY, OUR DISCUSSIONS WITH SENIOR GOK OFFICIALS INDICATE A CERTAIN MALAISE CONCERNING EGYPTIAN FINANCIAL PROBLEMS. KUWAITI AID LEVELS ARE DETERMINED AT THE HIGHEST LEVEL BASED MAINLY ON POLITICAL CONSIDERATIONS. MANY LOCAL MONEY MANAGERS FEEL A CONSORTIUM APPROACH IS NEEDED THAT WOULD ASSURE EGYPT AN INFUSION OF FUNDS FOR AT LEAST SIX YEARS, BUT ARE COT SANGUINE THAT EGYPT WOULD COOPERATE OR THAT CONSORTIUM CAN BE ORGANIZED.

5. COMMENT: WE HAVE NO REASON TO BELIEVE THAT GOK WILL BE WILLING TO WORK DIRECTLY WITH USG ON THE SENSITIVE QUESTION OF MASSIVE AID TO EGYPT. BOTH EGYPTIANS AND  
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OTHER ARABS MIGHT FIND IT EASIER TO DISCUSS EGYPTIAN NEEDS AND WHAT OTHERS ARE PREPARED TO GIVE IF THEY WORKED THROUGH NEUTRAL, OBJECTIVE PARTY SUCH AS A RECOGNIZED INTERNATIONAL BANK. IT IS POSSIBLE, BUT NOT LIKELY, THAT GOK WOULD BE WILLING TO CHANNEL SOME AID THROUGH SUCH A DEVICE, PERHAPS USING CHASE AS A FOCAL POINT. IN ANY CASE, UNDER SECRETARY ROBINSON MIGHT WISH TO INVESTIGATE MATTER WITH ROCKEFELLER ON HIS RETURN TO NEW YORK FROM

TEHRAN. MEANWHILE, WE NOTE PRESS REPORTS OF POSSIBLE CREATION OF AN "ARAB FUND FOR BACKING THE EGYPTIAN ECONOMY". SUCH A DEVICE MIGHT BE MORE APPEALING TO KUWAIT THAN AN INTERNATIONAL CONSORTIUM APPROACH.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, HEAD OF GOVERNMENT VISITS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976KUWAIT01025  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760077-0329  
**From:** KUWAIT  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1976/newtext/t197603108/aaaadrmc.tel  
**Line Count:** 120  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12 MAY 2004 by ifshinsr>; APPROVED <10 SEP 2004 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SADAT VISIT TO KUWAIT -- FINANCIAL ASSISTANCE FOR EGYPT  
**TAGS:** PFOR, EGEN, EAID, EG, KU, (SADAT, ANWAR)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006